

LAWRENCE TOWNSHIP

Report on Audit of Financial Statements
For the Year Ended
March 31, 2004

Auditing Procedures Report

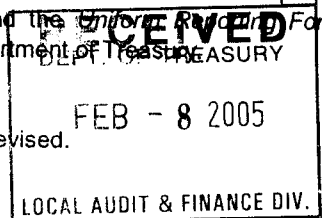
Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Lawrence Township	County Van Buren
Audit Date 6-30-04	Opinion Date 11-23-04	Date Accountant Report Submitted to State: 2-4-05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Accounting Format for Financial Statements for Counties and Local Units of Government in Michigan by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.



We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☒ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	X		
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) Cutting & Cutting, P.C.			
Street Address 303 Paw Paw Street	City Paw Paw	State MI	ZIP 49079
Accountant Signature William A. Cutting		Date 2-4-05	

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November 23, 2004

INDEPENDENT AUDITOR'S REPORT

Members of the Township Board
Lawrence Township
Van Buren County, Michigan

We have audited the accompanying general purpose financial statements of Lawrence Township as of and for the year ended March 31, 2004, as listed in the table of contents. These general purpose financial statements are the responsibility of Lawrence Township management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The general purpose financial statements referred to above do not include the General Fixed Asset Account Group which should be included in order to conform with accounting principles generally accepted in the United States of America. The amount that should be recorded in the general fixed assets account group is not known.

In our opinion, except for the effect on the general purpose financial statements of the omission described in the preceding paragraph, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Lawrence Township, as of March 31, 2004, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

Cutting & Cutting, P.C.

COMBINED BALANCE SHEET-ALL FUND TYPES AND ACCOUNT GROUPS
LAWRENCE TOWNSHIP
March 31, 2004

	General	Special Revenue	Capital Project	Trust & Agency	Account Group General Long-Term Debt	Total (Memorandum Only)
Assets						
Cash and equivalents	\$ 150,315	\$ 346,081	\$ 44,999	\$ 105,977		\$ 647,372
Taxes receivable	7,880	45,660	15,800			69,340
Other receivables	35,350					35,350
Due from other funds	46,313	9,574				55,887
Amount to be provided for retirement of long-term debt					\$ 520,000	520,000
	<u>\$ 239,858</u>	<u>\$ 401,315</u>	<u>\$ 60,799</u>	<u>\$ 105,977</u>	<u>\$ 520,000</u>	<u>\$ 1,327,949</u>
Liabilities and Fund Balance						
Accounts payable	\$ 14,857	\$ 4,482	\$ 1,574			\$ 20,913
Notes payable					\$ 520,000	520,000
Other liabilities				\$ 200		200
Due to other funds	3,764	52,123				55,887
Accrued interest payable	3,881	19,185				23,066
Undistributed taxes and interest				<u>89,239</u>		<u>89,239</u>
Total liabilities	22,502	75,790	1,574	89,439	520,000	709,305
Expendable fund balance	217,356	325,525	59,225	15,178		617,284
Non-expendable fund balance				<u>1,360</u>		<u>1,360</u>
Total fund balance	<u>217,356</u>	<u>325,525</u>	<u>59,225</u>	<u>16,538</u>		<u>618,644</u>
	<u>\$ 239,858</u>	<u>\$ 401,315</u>	<u>\$ 60,799</u>	<u>\$ 105,977</u>	<u>\$ 520,000</u>	<u>\$ 1,327,949</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN EXPENDABLE FUND BALANCES
LAWRENCE TOWNSHIP
Year ended March 31, 2004

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Project</u>	<u>Trust & Agency</u>	<u>Total (Memorandum Only)</u>
Revenues					
Taxes	\$ 85,200	\$ 335,569	\$ 114,317		\$ 535,086
Licenses and permits	7,776				7,776
Intergovernmental	170,002		33,000		203,002
Grants from local units	513				513
Charges for services	12,949				12,949
Miscellaneous	<u>8,420</u>	<u>32,394</u>	<u>40</u>	\$ <u>104</u>	<u>40,958</u>
	284,860	367,963	147,357	104	800,284
Expenditures					
General government	293,309				293,309
Public safety	11,425	261,737			273,162
Public works		100,143			100,143
Recreation and culture	<u>1,459</u>		<u>124,529</u>		<u>125,988</u>
	<u>306,193</u>	<u>361,880</u>	<u>124,529</u>		<u>792,602</u>
Excess of revenues					
over expenditures	(21,333)	6,083	22,828	104	7,682
Other financing sources and (uses)					
Transfer in			36,397		36,397
Transfer out	<u>(36,397)</u>				<u>(36,397)</u>
	<u>(36,397)</u>		<u>36,397</u>		
Excess of revenues and other					
sources over expenditures					
and other uses	(57,730)	6,083	59,225	104	7,682
Beginning fund balance	<u>275,086</u>	<u>319,442</u>		<u>15,074</u>	<u>609,602</u>
Ending fund balance	\$ <u>217,356</u>	\$ <u>325,525</u>	\$ <u>59,225</u>	\$ <u>15,178</u>	\$ <u>617,284</u>

See notes to financial statements.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL-GENERAL AND SPECIAL REVENUE FUNDS
LAWRENCE TOWNSHIP
Year ended March 31, 2004

	<u>General Fund</u>		<u>Special Revenue Funds</u>		
	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Amended Budget</u>	<u>Actual</u>
Revenues					
Taxes	\$ 74,750	\$ 85,200	\$ 10,450		\$ 335,569
Licenses and permits	3,700	7,776	4,076		
Intergovernmental	185,500	170,002	(15,498)		
Grants from Local Units	2,000	513	(1,487)		
Charges for services	10,500	12,949	2,449		
Miscellaneous	2,400	8,420	6,020		
	<u>278,850</u>	<u>284,860</u>	<u>6,010</u>	\$ 314,491	<u>31,057</u>
					<u>366,626</u>
Expenditures					
General government	329,597	293,309	36,288		261,737
Public safety	18,350	11,425	6,925		100,143
Public works					
Recreation and culture	<u>2,520</u>	<u>1,459</u>	<u>1,061</u>		
	<u>350,467</u>	<u>306,193</u>	<u>44,274</u>	<u>315,365</u>	<u>361,880</u>
					<u>(46,515)</u>
Excess of revenues over expenditures	\$ <u>(71,617)</u>	(21,333)	\$ <u>50,284</u>	\$ <u>(874)</u>	4,746
Other financing sources and uses					
Transfer in					1,337
Transfer out		<u>(36,397)</u>			<u>1,337</u>
		<u>(36,397)</u>			
Excess of revenues and other sources over expenditures and other uses		(57,730)			6,083
Beginning fund balance		<u>275,086</u>			<u>319,442</u>
Ending fund balance		\$ <u>217,356</u>			\$ <u>325,525</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS LAWRENCE TOWNSHIP

Lawrence Township is a general law township in Van Buren County, Michigan. It has a population of approximately 3,341.

1. Summary of Significant Accounting Policies

The accompanying financial statements have been prepared using the modified accrual basis of accounting.

A. Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision whether to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.

Based upon the application of these criteria, the financial statements of the Township include the accounts of all Township operations. The Township's major operations include fire protection, ambulance service, planning and zoning, road maintenance, cemetery, cultural and recreational services and general administrative services. The Township has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Township.

B. Fund Accounting

The accounts of the Township are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

GOVERNMENTAL FUNDS

General Fund - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Project Funds

These funds are used to account for revenues and expenditures relating to specific construction projects.

FIDUCIARY FUNDS

Trust and Agency Funds - Trust and Agency Funds are used to account for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts and sales taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets and Budgetary Accounting

The Township prepares a budget for settlement day in March and a budget hearing is held at the annual meeting. The budget is adopted at the April meeting for that fiscal year. The budget is amended by the Township Board.

The Township exceeded the appropriated amount in various activities as shown on page 13.

E. Total Columns on Combined Statements-Overview

Total columns on the Combined Statements-Overview are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this information.

2. Property Tax

Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on December 1. The Township bills and collects its own property taxes. Township property tax revenues are recognized when collected.

The Township is allocated one mill of the fixed allocation of the constitutional 15 mills. This year the Township levied .7120 mills for general operating, 2.5 mills for fire protection, 1.05 mills for the Quick Response activity, 1.5 mills for library and .9911 mills for roads. In the summer, the Township also collects the State Education Tax and the Village of Lawrence tax.

3. Cash and Investments

State statutes authorize the Township to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States in which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form

of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township's deposits and investments are in accordance with statutory authority.

<u>Deposits</u>	<u>Bank Carrying Amount</u>	<u>GASB Category of Risk</u>
Insured (FDIC)	\$ 100,000	(1)
Uninsured	493,316	(3)

All of the above are in checking, money market savings accounts or certificates of deposit and are carried at a book balance of \$647,372.

GASB Categories of Risk

- (1) Insured or registered
- (3) Uninsured and unregistered

4. Interfund Receivables and Payables

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Fund</u>	<u>Interfund Payable</u>
General Fund		General Fund	
Road	\$ 39,604	Fire	\$ 1,184
Fire	1,202	Quick Response	1,055
Quick Response	2,776	Building Department	<u>1,525</u>
Building Department	<u>2,731</u>		3,764
	46,313	Fire Fund	
Fire Fund		General	1,202
General Fund	1,184	Quick Response	<u>2,529</u>
Quick Response	<u>3,281</u>		3,731
	4,465	Quick Response Fund	
Quick Response Fund		Fire	3,281
Fire	2,529	General	<u>2,776</u>
General	<u>1,055</u>		6,057
	3,584	Building Department Fund	
Building Department Fund		General	<u>2,731</u>
General	<u>1,525</u>	Road	
		General Fund	<u>39,604</u>
	\$ <u>55,887</u>		\$ <u>55,887</u>

5. Risk Management

In lieu of purchasing commercial insurance for the risk of losses to which it is exposed, the Township Board has chosen to participate in the Michigan Municipal Liability and Property Pool (MMLPP).

The MMLPP complies with Act 294, P.A. 1972.

MMLPP services all claims for risk of loss to which the Township is exposed, including those risks selected in the declaration sheet and specifically described in the coverage forms and endorsement schedules attached to and made part of this plan.

Under this participation contract the MMLPP provides coverage for up to a maximum of \$2,000,000 for general liability coverage, \$2,000,000 for errors and omissions, \$5,000 for crime and \$738,000 for inland marine/limits and \$1,300,500 for buildings and contents.

6. The installment purchase agreements are as follows:

Installment Purchase Agreement - Fire Station

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2004	\$ 60,000	\$ 24,996	\$ 84,996
July 1, 2005	60,000	21,426	81,426
July 1, 2006	60,000	17,855	77,855
July 1, 2007	60,000	14,284	74,284
July 1, 2008	60,000	10,713	70,713
July 1, 2009	60,000	7,142	67,142
July 1, 2010	<u>60,000</u>	<u>3,571</u>	<u>63,571</u>
	\$ <u>420,000</u>	\$ <u>99,987</u>	\$ <u>519,987</u>

Installment Purchase Agreement - Fire Truck

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
July 1, 2004	\$ 50,000	\$ 6,185	\$ 56,185
July 1, 2005	<u>50,000</u>	<u>3,092</u>	<u>53,092</u>
	\$ <u>100,000</u>	\$ <u>9,277</u>	\$ <u>109,277</u>
Long-term debt at March 31, 2003		\$ 630,000	
Payments		<u>110,000</u>	
Long-term debt at March 31, 2004		\$ <u>520,000</u>	

7. Construction Activity

During the year under audit, the Township began levying taxes to pay for the construction of a new library facility. This Capital Project is reflected in the Library Construction Fund.

COMBINING BALANCE SHEET-SPECIAL REVENUE FUNDS
LAWRENCE TOWNSHIP
March 31, 2004

Assets	Road	Fire	Quick Response	Building Department	Housing Rehabilitation	Total
Cash and equivalents	\$ 62,777	\$ 131,725	\$ 131,921	\$ 4,059	\$ 15,599	\$ 346,081
Taxes receivable	9,570	25,680	10,410			45,660
Due from other funds		4,466	3,583	1,525		9,574
	<u>72,347</u>	<u>161,871</u>	<u>145,914</u>	<u>5,584</u>	<u>15,599</u>	<u>401,315</u>
Liabilities and Fund Balance						
Accounts payable		\$ 3,515	\$ 967			\$ 4,482
Due to other funds	\$ 39,604	3,731	6,057	2,731		52,123
Accrued interest payable		13,363	5,822			19,185
Total liabilities	<u>39,604</u>	<u>20,609</u>	<u>12,846</u>	<u>2,731</u>		<u>75,790</u>
Fund balance	<u>32,743</u>	<u>141,262</u>	<u>133,068</u>	<u>2,853</u>	<u>15,599</u>	<u>325,525</u>
	<u>72,347</u>	<u>161,871</u>	<u>145,914</u>	<u>5,584</u>	<u>15,599</u>	<u>401,315</u>

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-SPECIAL REVENUE FUNDS
Year ended March 31, 2004

Revenues	Road	Fire	Quick Response	Building Department	Housing Rehabilitation	Total
Property taxes	\$ 76,256	\$ 182,488	\$ 76,825			\$ 335,569
Interest		364	611		\$ 38	1,013
Other	<u>76,256</u>	<u>7,735</u>	<u>4,316</u>	<u>17,993</u>	<u>1,337</u>	<u>31,381</u>
		190,587	81,752	17,993	1,375	367,963
Expenditures						
Operation	63,939	95,634	40,249	17,196		217,018
Capital outlay	<u>36,204</u>	<u>78,565</u>	<u>30,093</u>			<u>144,862</u>
	<u>100,143</u>	<u>174,199</u>	<u>70,342</u>	<u>17,196</u>		<u>361,880</u>
Excess of revenues over expenditures	(23,887)	16,388	11,410	797	1,375	6,083
Beginning fund balance	<u>56,630</u>	<u>124,874</u>	<u>121,658</u>	<u>2,056</u>	<u>14,224</u>	<u>319,442</u>
Ending fund balance	<u>32,743</u>	<u>141,262</u>	<u>133,068</u>	<u>2,853</u>	<u>15,599</u>	<u>325,525</u>

COMBINING BALANCE SHEET-TRUST AND AGENCY FUNDS
LAWRENCE TOWNSHIP
March 31, 2004

	<u>Trust & Agency</u>	<u>Current Tax</u>	<u>Cemetery Trust</u>	<u>Total</u>
Assets				
Cash and equivalents	\$ <u>45,943</u>	\$ <u>43,496</u>	\$ <u>16,538</u>	\$ <u>105,977</u>
Liabilities				
Deposits	\$ 200			\$ 200
Undistributed taxes	<u>45,743</u>	\$ <u>43,496</u>		<u>89,239</u>
Total liabilities	45,943	43,496		89,439
Expendable fund balance			\$ 15,178	15,178
Non-expendable fund balance	<u> </u>	<u> </u>	<u>1,360</u>	<u>1,360</u>
	\$ <u>45,943</u>	\$ <u>43,496</u>	\$ <u>16,538</u>	\$ <u>105,977</u>

BALANCE SHEET
GENERAL FUND
LAWRENCE TOWNSHIP
March 31

	<u>2004</u>	<u>2003</u>
Assets		
Cash and equivalents	\$ 150,315	\$ 276,695
Taxes receivable	7,880	7,880
Due from State of Michigan	35,350	38,069
Due from other funds	<u>46,313</u>	<u>12,887</u>
	\$ <u>239,858</u>	\$ <u>335,531</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 14,857	\$ 5,643
Due to other funds	3,764	49,184
Accrued interest payable	<u>3,881</u>	<u>5,618</u>
Total liabilities	22,502	60,445
 Fund balance	 <u>217,356</u>	 <u>275,086</u>
	\$ <u>239,858</u>	\$ <u>335,531</u>

STATEMENT OF CHANGES IN FUND BALANCE
Year ended March 31

Summary of revenues and expenditures		
Revenues	\$ 284,860	\$ 289,526
Expenditures	<u>306,193</u>	<u>385,796</u>
Excess of revenues over expenditures	(21,333)	(96,270)
 Other financing sources and uses		
Transfer out	<u>(36,397)</u>	<u> </u>
 Excess of revenues and other sources over expenditures and other uses	(57,730)	(96,270)
 Beginning fund balance	 <u>275,086</u>	 <u>371,356</u>
Ending fund balance	\$ <u>217,356</u>	\$ <u>275,086</u>

STATEMENT OF REVENUES
GENERAL FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2004</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2003</u>
Revenues				
Property taxes	\$ 51,150	\$ 55,556	\$ 4,406	\$ 50,694
Administrative fee	<u>23,600</u>	<u>29,644</u>	<u>6,044</u>	<u>26,695</u>
	74,750	85,200	10,450	77,389
 Licenses and permits	 3,700	 7,776	 4,076	 4,002
 State revenue sharing	 185,500	 170,002	 (15,498)	 179,596
 Grants from local units				
District Library	2,000	513	(1,487)	7,983
 Charges for services				
Cemetery	9,000	11,700	2,700	13,200
Miscellaneous	<u>1,500</u>	<u>1,249</u>	<u>(251)</u>	<u>1,154</u>
	10,500	12,949	2,449	14,354
 Miscellaneous				
Interest	2,400	971	(1,429)	2,527
Contributions		77	77	3,500
Other	<u> </u>	<u>7,372</u>	<u>7,372</u>	<u>175</u>
	<u>2,400</u>	<u>8,420</u>	<u>6,020</u>	<u>6,202</u>
	 \$ <u>278,850</u>	 \$ <u>284,860</u>	 \$ <u>6,010</u>	 \$ <u>289,526</u>

STATEMENT OF EXPENDITURES
GENERAL FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2004</u>		
	<u>Amended Budget</u>	<u>Actual</u>	Variance Favorable (<u>Unfavorable</u>)	<u>2003</u>
General government				
Township Board	\$ 44,032	\$ 46,731	\$ (2,699)	\$ 55,302
Township Secretary	22,500	23,834	(1,334)	15,020
Supervisor	14,375	13,312	1,063	13,016
Election	4,750	3,269	1,481	8,296
Assessing	44,685	42,251	2,434	28,004
Clerk	21,500	20,241	1,259	19,333
 Board of Review	 1,620	 1,399	 221	 1,799
Treasurer	24,050	22,743	1,307	15,327
Township Hall	21,700	18,661	3,039	15,539
Fire Hall	26,400	20,075	6,325	23,053
Cemetery	<u>103,985</u>	<u>80,793</u>	<u>23,192</u>	<u>112,778</u>
	329,597	293,309	36,288	307,467
 Planning	 9,110	 8,237	 873	 5,706
 Zoning Board of Appeals	 9,240	 3,188	 6,052	 7,515
 Roads and streets				63,621
 Library	 <u>2,520</u>	 <u>1,459</u>	 <u>1,061</u>	 <u>1,487</u>
	\$ <u>350,467</u>	\$ <u>306,193</u>	\$ <u>44,274</u>	\$ <u>385,796</u>

BALANCE SHEET
FIRE FUND
LAWRENCE TOWNSHIP
March 31

	<u>2004</u>	<u>2003</u>
Assets		
Cash and equivalents	\$ 131,725	\$ 131,257
Taxes receivable	25,680	22,450
Due from other funds	<u>4,466</u>	<u>1,075</u>
	\$ <u>161,871</u>	\$ <u>154,782</u>
 Liabilities and Fund Balance		
Accounts payable	\$ 3,515	\$ 4,053
Due to other funds	3,731	11,810
Accrued interest payable	<u>13,363</u>	<u>14,045</u>
Total liabilities	20,609	29,908
 Fund balance	 <u>141,262</u>	 <u>124,874</u>
	\$ <u>161,871</u>	\$ <u>154,782</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
FIRE FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2004</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2003</u>
Revenues				
Property taxes				
Operating		\$ 72,780		\$ 69,985
Truck		109,708		94,253
Grants from other				
township		7,000		7,000
Interest		364		978
Reimbursements				1,461
Other		<u>735</u>		<u>4,037</u>
	\$ 175,424	190,587	\$ 15,163	177,714
Expenditures				
Labor and employee				
benefits		37,832		40,385
Operating supplies		10,122		9,633
Training		1,454		4,491
Outside services		916		
Communications		1,008		5,202
Insurance		5,637		3,519
Utilities		2,647		2,590
Repairs and maintenance		12,823		23,740
Building additions and				
improvements		30,000		30,000
Equipment		48,565		59,968
Interest expense		22,127		24,707
Miscellaneous		<u>1,068</u>		<u>5,742</u>
	<u>195,850</u>	<u>174,199</u>	<u>21,651</u>	<u>209,977</u>
Excess of revenues over				
expenditures	\$ <u>(20,426)</u>	16,388	\$ <u>36,814</u>	(32,263)
Beginning fund balance		<u>124,874</u>		<u>157,137</u>
Ending fund balance		\$ <u>141,262</u>		\$ <u>124,874</u>

BALANCE SHEET
QUICK RESPONSE FUND
LAWRENCE TOWNSHIP
March 31

	<u>2004</u>	<u>2003</u>
Assets		
Cash and equivalents	\$ 131,921	\$ 119,542
Taxes receivable	10,410	10,410
Due from other funds	<u>3,583</u>	<u>2,180</u>
	\$ <u>145,914</u>	\$ <u>132,132</u>
Liabilities and Fund Balance		
Accounts payable	\$ 967	\$ 518
Due to other funds	6,057	1,530
Accrued interest payable	<u>5,822</u>	<u>8,426</u>
Total liabilities	12,846	10,474
Fund balance	<u>133,068</u>	<u>121,658</u>
	\$ <u>145,914</u>	\$ <u>132,132</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE
QUICK RESPONSE FUND
LAWRENCE TOWNSHIP
Year ended March 31

		<u>2004</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)	<u>2003</u>
Revenues				
Property taxes				
Operating		\$ 59,923		\$ 54,903
Truck		16,902		15,485
Contributions		3,906		4,883
Interest		611		1,122
Miscellaneous		<u>410</u>		<u>4,907</u>
	\$ 77,067	81,752	\$ 4,685	81,300
Expenditures				
Labor and payroll taxes		13,847		12,913
Operating supplies		5,674		4,202
Communications		1,550		1,290
Training and education		2,461		3,683
Insurance		2,675		3,214
Utilities		2,675		2,590
Repairs and maintenance		1,950		1,813
Equipment		9,093		7,537
Building additions and improvements		21,000		18,000
Interest		6,571		11,882
Miscellaneous		<u>2,846</u>		<u>869</u>
	<u>72,430</u>	<u>70,342</u>	<u>2,088</u>	<u>67,993</u>
Excess of revenues over expenditures	\$ <u>4,637</u>	11,410	\$ <u>6,773</u>	13,307
Beginning fund balance		<u>121,658</u>		<u>108,351</u>
Ending fund balance		\$ <u>133,068</u>		\$ <u>121,658</u>

BALANCE SHEET
LIBRARY CONSTRUCTION FUND
LAWRENCE TOWNSHIP
March 31, 2004

Assets	
Cash and equivalents	\$ 44,999
Taxes receivable	<u>15,800</u>
	\$ <u>60,799</u>

Liabilities and Fund Balance	
Accounts payable	\$ 1,574
Fund balance	<u>59,225</u>
	\$ <u>60,799</u>

STATEMENT OF REVENUES AND EXPENDITURES
Year ended March 31, 2004

Revenues	
Property taxes	\$ 114,317
Contribution from Van Buren District Library	33,000
Other	<u>40</u>
	147,357
Expenditures	
Building	121,391
Legal	2,203
Other	<u>935</u>
	<u>124,529</u>
Excess of revenues over expenditures	22,828
Other financing sources	
Transfer in	<u>36,397</u>
Excess of revenues and other sources over expenditures and other uses	\$ <u>59,225</u>

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November 23, 2004

Members of the Township Board
Lawrence Township
Van Buren County, Michigan

The audit work necessary to express an opinion on the financial statements of Lawrence Township included a review of the Township's accounting procedures and the related internal controls. As a result of the review we offer comments and suggestions for your consideration.

Repeat of Prior Year Comments
Internal Controls

There is not adequate segregation of duties in the accounting function. However, because of lack of personnel, this situation is not unusual in small governmental units.

Accounting Records

The record keeping activity is not being done on a current basis.

Building Department Fund

The Building Department and Road Funds require a budget.

Rehabilitation Fund

Why do we have a checking account?

Bank Reconcilements

All bank accounts should be reconciled each month.

Trust and Agency Funds

Except for deposits as required by ordinance, the Trust and Agency and Current Tax Fund should be closed out on a regular basis. Funds are not being disbursed from the Trust and Agency Fund and Current Tax Fund promptly.

Budgets

The budget should be amended if an activity is going to spend more than the amount budgeted.

Unaudited Funds

We did not examine the internal funds of the Fire Department.

The above comments are submitted to you to develop good accounting practices and are not intended to reflect upon the performance of any Township official.

Cutting & Cutting, P.C.